

Message Text

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22

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 EUR-12 AID-05 CIAE-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 /089 W

----- 068735

R 090435Z JUL 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5531

USDOC WASHDC

INFO AMEMBASSY BONN

AMCONSUL HONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

LIMITED OFFICIAL USE JAKARTA 8982

USDOC FOR MEPD

HONG KONG PLEASE PASS TREASURY REP SHARPE

E.O. 11652: N/A

TAGS: EFIN, ETRD, EIND, ID, GW

SUBJECT: FRG FINANCING FOR KRAKATAU STEEL AND GOI SUGAR MILLS

REF: JAKARTA 8337

1. ACCORDING FRG EMBASSY ECONOMIC COUNSELOR, MATTES, FINANCING AGREEMENT FOR KRAKATAU STEEL (REFTTEL) WILL BE SIGNED FRIDAY, JULY 9. FINANCING PACKAGE TO BE IN TWO TRANCHE. FIRST TRANCHE FOR 750 D.M. STRAIGHT CREDIT FOR FIVE YEARS SYNDICATED BY DEUTSCHE BANK. SECOND TRANCHE FOR 250 D.. IS CARRYING FRG GUARANTEE BY HERMES FOR TEN YEARS. TRANCHE TO BE USED SERIATUM WITH 750 D.M. TO BE DRAWN DOWN FIRST. MATTES DID NOT KNOW IF
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THERE WAS GRACE PERIOD BUT ASSUMED AT LEAST HERMES

PORTION INCLUDES GRACE PERIOD. HE DID NOT KNOW INTEREST RATE BUT WAS INFORMED IT WAS A FLOATING RATE OVER LIBOR.

2. MATTES SAID THAT WHEN BAPPENAS CHAIRMAN WIDJOJO MADE ANNOUNCEMENT REPORTED REFTEL, J.B. SUMARLIN, VICE CHAIRMAN OF BAPPENAS, INSTRUCTED MINISTER OF AGRICULTURE TO OPEN NEGOTIATIONS WITH GERMAN BIDDERS FOR SIX SUGAR MILLS. IT WILL BE RECALLED THAT GERMAN FIRMS, LIKE THOSE OF U.S., ALTHOUGH SCORING HIGH ON TECHNICAL QUALIFICATIONS ON THEIR BIDS (AND IN GERMAN CASE HIGH ON FINANCING), WERE SPECIFICALLY EXCLUDED FROM FUTURE NEGOTIATIONS ON THEIR BIDS. GOI OFFICIALS CONTINUED NEGOTIATIONS ON SUGAR MILLS WITH BRITISH, DUTCH, AND FRENCH BIDDERS. GERMANS WERE EXCLUDED BECAUSE GOI INSISTED ALL AVAILABLE GERMAN GOVERNMENT FINANCING FOR SUPPLIER CREDITS BE RESERVED FOR KRAKATAU STEEL.

3. EMBASSY WILL DISCREETLY RAISE GERMAN EXPERIENCE WITH APPROPRIATE AUTHORITIES IN BAPPENAS AND INQUIRE AGAIN IF TWO U.S. SUGAR MILL BIDDERS, ARKEL AND KATY-FULTON, CANNOT BE GIVEN SAME OPPORTUNITY TO AT LEAST PRESENT THEIR CASE IN THE LIGHT OF THE ACTION ON THE GERMANS. NEWSOM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, STEEL, BANK LOANS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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04 MAY 2006

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